

2013
Annual Report &
Consolidated Accounts
ABF The Soldiers' Charity

ABF

THE SOLDIERS'

CHARITY



ABF The Soldiers' Charity (the "Charity") is an incorporated charity registered with the Charity Commission for England and Wales with Charity No.1146420, and in Scotland with the Office of the Scottish Charity Regulator with Scottish Charity Register No.SC039189.

ABF The Soldiers' Charity is a company limited by guarantee in England and Wales (07974609) and was incorporated on 2nd March 2012.

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Cover: Sgt Gary Jamieson with wife Claire and daughter Taylan. In 2010 whilst on his second tour of Afghanistan with The Scots Guards, an IED left Gary with catastrophic injuries. He lost both legs above the knee and his left arm above the elbow. In order to help Gary, his wife and 3 children cope with his injuries, major renovations to their home in Lanarkshire were necessary. The family were unable to stay there whilst the work was being done so The Soldiers' Charity paid for the cost of a hotel nearby. We also administered a grant to make essential adaptations to his car and for gym equipment so Gary could continue his rehabilitation and fitness at home. All of this support is done in partnership with the Army and the MOD, who resource the longer-term more permanent solutions.

As the Army’s National Charity, ABF The Soldiers’ Charity supports soldiers, former soldiers and their families in need.

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Our Vision, Purpose, Values and Goals

Achieving our vision to be the most effective and reliable charity for soldiers, and in for the 'long haul'.

Our purpose:

- We give a lifetime of support to serving and retired soldiers and their families in need.
- We make grants to individuals through their Regiments and Corps.
- We make grants to specialist organisations that help soldiers and their families.
- We work with veterans of every conflict, including the Second World War and those from current operations.
- We make grants payments quickly and this responsiveness can make a significant difference at a critical point in peoples' lives.

Our values:

- We trust each other and our supporters, and those we help trust us.
- We respect every individual and their needs.
- We create opportunities and inspire others, with the emphasis on a 'hand-up' not a 'hand-out'.
- We are approachable, effective and must be quick to respond.

Our Goals:

In 2011, we set the Charity's six strategic objectives, and reviewed and updated them in February 2013. These are to:

- Sustain for the long term those in need.
- Achieve wider public recognition and awareness of, and support for, the Charity's work.
- Maximise net income generation to meet the need.
- Ensure that our structure, governance, ethos and processes enable the organisation to be highly efficient, effective and responsive.
- Facilitate co-operation, co-ordination, co-location and convergence with other Service charities sharing similar objectives to our own.
- Ensure that our Reserves are maintained at an adequate and appropriate level, compatible with increased grant giving.

Major General Peter Sheppard CB CBE
Chairman



I am pleased to present this year's Annual Report, which shows that we are continuing to make good progress in consolidating our position and reputation as the cornerstone of charitable support for the British Army 'family'. At the beginning of the Financial Year in March 2012, we became an incorporated charity with new governance arrangements, which resulted in the National Audit Office helpfully reclassifying our Charity as a "Non-Public Institute Serving Households". In April 2013, General The Lord Guthrie handed over the Charity's Presidency to General Sir Mike Jackson; we are most grateful to Lord Guthrie for his immense contribution and wise counsel as our President since 2001, guiding us through times of significant transition.

During the year, we re-organised the National Head Office in London, creating a far more professional working environment for the staff and taking the lead with the co-location, collaboration and co-operation of Service charities, with seven ex-Service charities now under our one roof. This has significant practical and financial benefits. Overall, there is much to be proud of and I am most grateful to the Trustees for their contribution, to the hard work of all the staff and to the dedication of all those hundreds of volunteers who make it all possible.

Major General Martin Rutledge CB OBE
Chief Executive



The year to April 2013 has inevitably been both challenging and fulfilling. Our grants to individuals, through the Regiments and Corps that we work so closely with, and block grants made to other charities on behalf of the Army remain our absolute focus. Recent times have seen a year-on-year double digit increase in the load on the Charity, but this appears to have abated a little. But we have still handled some 6% more cases this year, and they continue to grow in complexity and sometimes cost. Help to wounded, injured and sick soldiers leaving the Army in a difficult economic climate has been a particular focus with the Charity committing an additional £1 million specifically focused in this area. The figures tell only part of the story – much of our efforts are focused on the wider provision of advice, coordination

across charities and shaping emerging policy in partnership with the Army. It must be right the Charity stretches itself in the current circumstances.

None of this is possible without securing the necessary funds – challenging in the current circumstances. We remain enormously grateful to those organisations and individuals who support the Charity in so many ways – and of course our volunteers who provide an essential backbone. In parallel, it is critical the Charity makes effective use of those funds – no charity can flourish today without being highly efficient and agile – and much work has been done to 'tighten the ship'.

Of course none of this would be possible without our partner charities. We might provide substantial funds or other support to major charities like SSAFA, Combat Stress and Help for Heroes, and some 80 other smaller charities listed in this Report, but we simply could not operate without their cheerful support and engagement. We are very grateful.

Looking ahead, our relationship with the Army is key. We cannot make the most effective use of the available resources in challenging and volatile circumstances unless we continue to optimise our close coordination with the Army as an organisation and the Regiments and Corps who provide first line support to their people. We must stand together – or we could fail to best serve those who need our help.

The Trustees present their Annual Report and the Charity's Consolidated Accounts for the period ending 31st. March 2013.

Our Governance, structure and management

Governing Document

Founded in 1944, ABF The Soldiers' Charity, formerly the Army Benevolent Fund, is a Company limited by guarantee not having a share capital (Company No. 07974609), governed by the Articles of Association of ABF The Soldiers' Charity. The Company was incorporated on 2 March 2012 and the Charity was registered with the Charity Commission on 14 March 2012 (Charity No. 1146420).

The Charity is also registered with the Office of the Scottish Charity Regulator (Scottish Charity No. SC039189).

The Charity's objects are:

“To benefit persons who are serving or who have served in the British Army, or their dependants, in any charitable way by the provision of grants, loans, gifts, pensions or otherwise”.

The Charity is governed by a Board of Trustees, chaired by Major General (Retired) Peter Sheppard. The Board is ultimately responsible for our strategic direction, supported by its Committees. The day-to-day running of the Charity is the responsibility of the Executive Board (the Senior Management Board). The way that we are governed fully complies with the Code for the Voluntary and Community Sector, endorsed by the Charity Commission.

Our Board of Trustees

Our Board of Trustees is currently made up of 13 Trustees, who are also Members and Directors of the charitable company (the Charity). They set our strategic direction and are responsible for ensuring that we uphold our values and governance, and deliver our objectives. They guide, advise and support the Chief Executive; they decide how we spend our money and approve our budgets. They delegate certain responsibilities to Trustee-led committees and the Executive Board, outlined below.

The Board of Trustees met four times during the period and communicated frequently between meetings.

Our Trustees

Under the 2012 Articles of Association, the Trustees and Chairman are appointed for an initial period of three years, which can be extended for up to two further three-year periods. No Trustee can serve for a consecutive period of more than nine years.

Each Trustee is selected after a thorough search for suitable candidates through open competition. On appointment, each Trustee undergoes an induction programme tailored to their knowledge and experience. The Trustees deploy a wide range of skills and experience essential to good governance. A Register of Trustees' interests is held centrally.

The Trustees who served during the period and as at the date of this report are listed below:

Major General P J Sheppard CB CBE (Retired)	Chairman
Mr Stephen Clark TD FCIB Chartered FCSI (HON)	Deputy Chairman
Mr Guy C Davies	
Mr Damien E Francis	
Brigadier A W Freemantle CBE (Retired)	
Mrs Alison Gallico	
Mr Paul Hearn	Appointed on 9 April 2013
Major General A I G Kennedy CB CBE (Retired)	
Mr Simon Martin	Appointed on 9 April 2013
Major General R E Nugee CBE	Appointed on 6 June 2012
Major Sir Michael Parker KCVO CBE (Retired)	
Warrant Officer Class One (Academy Sergeant Major) A Stokes Coldstream Guards	
Major General M D Wood CBE (Retired)	Appointed on 9 April 2013

Trustees who retired during the year:

Major General G W Berragan CBE	Retired on 6 June 2012
Ms Sue Ryan	Retired on 28 November 2012

For more information on our Trustees and their biographies, please visit www.soldierscharity.org

Our Committees

Certain of the Trustees serve on Trustee-led Committees. The Chairman is an ex-officio member of all Committees and the Vice-Chairman is an ex-officio member of the Nominations Committee. The Committees each have specific delegated responsibilities, outlined below on behalf of the Board of Trustees, and review key strategic activities of the Charity. They also meet in order to provide advice, good counsel and experience. Details of the membership of Committees are shown in Table One.

Nominations Committee

The Nominations Committee is responsible for the governance policies and procedures of the Charity. They assess the effectiveness of the governance structure; the size and membership of the Board of Trustees; the Committees and their respective roles. They plan and initiate the search and selection process for new Members, Trustees and Senior Executives, assisted by independent search companies and open advertising as required, and recommend appointments to the Board of Trustees. The membership of the Nominations Committee is drawn exclusively from Trustees.

Finance & Investment Committee

The Finance & Investment Committee is responsible for oversight of all aspects of the Charity's corporate financial policies and operations. They monitor the short and long term viability of the

Charity, ensuring that we have sufficient reserves to meet the needs of our beneficiaries. They review and approve the Investment and Reserves policies and monitor our compliance with them on a regular basis. They review the annual and long-term financial plans of the Charity; monitor performance against plans and recommend action where necessary to maintain a strong financial position. They are responsible for reviewing and approving the remuneration of the Executive and determine and agree the overall policy for the remuneration and pension arrangements of all our employees, overseeing any major changes in employee benefits. They oversee the management of the Charity's investments and ensure that these are managed to underpin the strategic objectives of the Charity. The Finance & Investment Committee membership includes a number of external advisors. They met three times during the year.

Grants Committee

The Grants Committee provides direction and scrutiny of all grant giving by the Charity, recommending to the Board of Trustees the annual grants budget and grants to other charities; setting annual levels of delegated authority for individual Grant giving; reviewing the in-year budget regularly; conducting periodic audits of the Grant team's work and conducting regular reviews of grant giving policies and procedures. The Grants Committee membership includes a number of external advisors importantly including a representative sample of Regimental Secretaries. They met three times during the year.

Fundraising & Marketing Committee

The Fundraising & Marketing Committee – which was previously titled the Development Committee - provides expert advice and support on Fundraising and Marketing to the Executive Board. The Committee includes a number of external advisors. The Development Committee met twice during the year.

Table One: Committee and Trustee membership

Board of Trustees		Committees			
Trustees	Year of appointment	Nominations	Finance & Investments	Grants	Fundraising & Marketing
Major General (Retd) Peter Sheppard (Chairman)	2006	Chairman	○	○	○
Stephen Clark (Deputy Chairman)	2006	○	Chairman		
Guy Davies	2006		◇		◇
Damien Francis	2010				◇
Brigadier (Retd) Andrew Freemantle	2007	◇		◇	
Alison Gallico	2007	◇	○	Chairman	
Paul Hearn	2013				◇
Major General (Retd) George Kennedy	2008	◇	○		Chairman
Simon Martin	2013				
Major General Richard Nugee	2012				
Major (Retd) Sir Michael Parker	2002*				
Warrant Officer Class One (AcSM) Vern Stokes	2012				
Major General (Retd) Malcolm Wood	2013			◇	

- ◇ Member
- Invited to attend or Ex Officio *Retires November 2013

For more information on how we are governed, visit www.soldierscharity.org

Our Executive Board

The Executive Board is responsible for the day-to-day running of the Charity under authority delegated by the Board of Trustees. They develop for the Board of Trustees the short and long-term plans for the Charity. As part of this, they propose the annual operating budget to the Finance & Investments Committee and to the Board of Trustees for their approval. They met 12 times during the year.

The Executive Directors who were members of Executive Board (The Senior Management Board – SMB) during the year and as at 31 March 2013 were:

Major General Martin Rutledge CB OBE MA (Retired)	Chief Executive
Brigadier Robin Bacon FCIPD FCMI MBA (Retired)	Chief of Staff
Mr Sean Bonnington	Director of National Fundraising
Colonel Paul Cummings (Retired)	Director of Grants & Welfare
Mr Roger Musson FCA MInstLM	Director of Finance
Brigadier Robbie Scott-Bowden MBE (Retired)	Director of Regions

For more information on our Executive Board please visit www.soldierscharity.org

Our Employees

We are acutely conscious of the unending need to focus on efficiency and effectiveness and look at opportunities to develop new ways of working and streamline processes. Throughout the year, we have made major changes to our structures and procedures to reposition the Charity to deliver our objectives.

Our wide network of employees, beneficiaries, supporters and volunteers continues to work enthusiastically to pursue our vision, mission and goals.

We ensure that every person is treated fairly within the framework of equal opportunities as set out in our policies and procedures. The Charity does not tolerate sexual, racial, physical or mental harassment of people in the work place and aims to ensure that all employees receive equal treatment regardless of their age, race, sex or disability.

Our volunteers make a vital contribution towards all of our achievements. We have almost 1000 active volunteers across the United Kingdom. Their presence and impact is wide-ranging.

Management of Risk

The Trustees are responsible for the Charity's risk management and the effectiveness of internal control systems. The Board of Trustees reviews major risks at each meeting and the Finance & Investment Committee ensure that the Executive have taken reasonable measures to manage these

risks. The Finance & Investment Committee provides the Board of Trustees with an informed opinion on the management of risk and effectiveness of controls.

The impact of the continuing economic uncertainty remains a major risk to the Charity. As a result we regularly update and review our financial plan, reserves and investment policies.

- **Financial Risk Management.** Our activities expose us to a number of financial risks including market risk and cash flow risk.
- **Market Risk.** A number of our investments are subject to market movements and we have recorded unrealised gains in the year, following the recording of some unrealised losses in the previous year (2012). Our investment policy focuses on minimising the Charity's exposure to losses.
- **Cash Flow risk.** The current economic climate continues to emphasise the need to ensure that we are able to meet our liabilities as and when they fall due. We have continued to improve our cash flow forecasts and management.

Wider networks

The Charity is a permanent member of the executive committee of the Confederation of Service charities (COBSEO), whose stated objectives are to represent, promote and further the interest of the Armed Forces Community by: exchanging and coordinating information internally; identifying issues of common concern and coordinating any necessary and appropriate action. COBSEO acts strictly as a confederation and cannot be construed as an 'umbrella company'. It represents and supports the needs and opinions of its member organisations, individually and collectively at central & local government levels and with other national and international agencies.

Corporate Social Responsibility and Sustainability

Our environmental policy's key intention is to proactively manage our environmental impacts. The re-organisation of the National Headquarters office space in Mountbarrow House during the summer of 2012 has delivered both financial and environmental benefits. The re-organisation has enabled us to implement changes, such as centralised printing/copying and improved waste recycling.

Helping the Army Family - Objectives and Activities for the Public Benefit

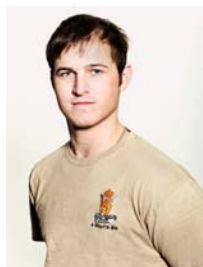
The object of the Charity is to benefit persons who are serving or who have served in the British Army, or their dependants, in any charitable way by the provision of grants, loans, gifts, pensions or otherwise. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives, in planning future activities, and in setting the grant making policy for the year.

The Charity achieves its objectives through considering applications from and making grants for the benefit of individuals, and by making grants to both military and national charities. Support is given in two ways:

- Financial help is given to individuals through their Regimental and Corps Benevolent Funds and normally takes the form of a grant to supplement whatever sums the Regiment or Corps

has the resources to provide. In this way the Charity acts as a reserve for the partnership of Army benevolent funds. Grants are made, by request, to Regiments and Corps for the benefit of individuals on a case-by-case basis. Each request is accompanied by a report from either a caseworker or another independent source. The amount of the subsequent grant is determined by reference to need, contributions from other Service funds and funds from additional sources such as civilian charities and local authorities.

Craig Paterson



Craig Paterson served in 4 SCOTS. He was severely injured from a gunshot wound to the head in Afghanistan in July 2011. It has been a long road to recovery for Craig; part of his skull was replaced with a titanium plate and he has undergone extensive rehabilitation. Adapting to his injuries at home in Inverurie presented a number of difficulties. Following bathroom adaptations, there was an urgent need for non-slip flooring so Craig could safely use the facilities. The Soldiers' Charity gave an immediate grant to cover these costs.

Then through the Quick Reaction Fund, we administered a grant to pay for a shed so that Craig could store his adapted bike during inclement weather. Most recently, this fund paid for a laptop which allowed him to explore work placements and undertake a computing qualification to prepare him for life outside the Army. He says:

“The Charity has done so much for me; your funding has been so varied and helps me carry out the most basic day to day tasks.”

- Practical support and advice is provided through the substantial financial grants which the Charity makes on behalf of all Regiments and Corps of the Army to national charities which provide for the special needs of soldiers, ex-soldiers and members of their families.

Achievements and Performance

Grant making

Grants are provided across a very wide range of needs including support to those wounded on current or long past operations; help with providing retraining for civilian occupations – especially for those leaving the Army as a result of injury or compulsory redundancy; help for the elderly (through assistance with mobility aids, home adaptations and care home fees); help in covering priority debts such as council tax, utility bills and mortgage payments and support for children's education for families in particular need, for example after the death of the family bread winner. The Trustees review the grant making policy annually to ensure that it reflects the Charity's objects and thereby advances public benefit. The current policy set by the Trustees is to support individuals through the Regimental and Corps Benevolence Funds, and to support other military and national charities which look after the needs of the serving and retired Army community on behalf of all Regiments and Corps of the Army.

Other military and national charities are required to submit formal grant applications which are considered by the Grants Committee and by Trustees. As part of their rolling programme of monitoring the award of grants, members of the Grants Committee and Director of Grants and Welfare visited a number of representative beneficiary organisations during the year.

The Charity also provides a bespoke grants management system in support of Wounded, Injured and Sick (WIS) soldiers in partnership with Help for Heroes (H4H) and others.

Table 2: Key Grant-making statistics

Grants in support of Individuals and other charities	Year to 31 March	
	2013	2012
	£	£
Routine grants for individuals	3,713,000	3,562,000
Individual Recovery Plan grants (1)	711,000	649,000
Quick Reaction Fund grants (2)	470,000	702,000
Specialist Employment Consultants	379,000	389,000
Total cost of all grants for individuals	5,273,000	5,302,000
Grants to other charities	2,813,000	3,276,000
Total Grants Expenditure	8,086,000	8,578,000
% change from previous year	5.75% decrease	

Individual Case Numbers	Year to 31 March	
	2013	2012
Routine grants for individuals	5100	4815
All Individual Recovery Plan grants (1)	492	425
All Quick Reaction Fund grants (2)	448	451
Total individual case numbers	6040	5691
% change in cases managed from previous year	6.13% increase	

Notes to table

(1) **Individual Recovery Plan (IRP)**. Funding is from a consortium including ourselves, a number of corporate partners and H4H. Funding provides opportunities for WIS soldiers in retraining and personal development, over and above that provided by MOD.

(2) **Quick Reaction Fund (QRF)**. H4H provided funds, managed by us, for direct, practical support to WIS personnel.

Grants for Individuals

Expenditure on grants for individuals has only undergone modest change this year at £5.273m (2012: £5.302m). This year expenditure has been driven by the increasing number of applications being considered, rather than the cost of individual grants made. The circumstances of 6040 individuals or families have been transformed by this expenditure. The Charity is also committed to funding 14 ½ Specialist Employment Consultants (SECs) who provide bespoke employment advice for those leaving the Army under the most difficult of circumstances. They are managed by the Regular Forces Employment Association - this investment represents the single biggest contribution to the Defence Recovery Employment Service, a critical priority for the Army. As at 31 March these SECs have had 409 individuals referred to them of who

232 have been found work placements and 86 placed in employment. Early days, but our investment in this high priority requirement appears well worth it.

Our support reaches out to the entire veteran community, providing a lifetime of support. Our oldest beneficiary during the year was 107 (Care Home fees) and the youngest was an infant child.

Kim and Signaller Hannah Gibbons



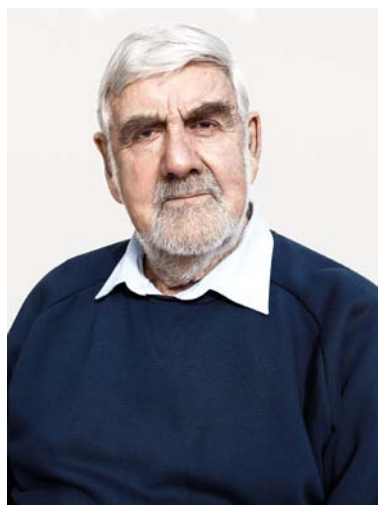
Kim's husband Martyn served for 17 years in the Fusiliers and was seriously injured after being hit by shrapnel in 2007 whilst serving in Afghanistan. He sustained injuries to both lower legs and was initially confined to a wheelchair, so Kim left her job to help care for her husband and their three daughters.

The Soldiers' Charity has given the family a number of grants to support them at this difficult time. One grant made in 2012, five years after Martyn was injured, was made to help Kim return to work, by assisting with course fees to help her become a qualified nurse. Despite constant pain, Martyn is now walking and eldest daughter Hannah has followed in her father's footsteps by joining the British Army; she now serves in the Royal Signals. Kim says:

"The Charity has been incredibly good to Martyn, but it's also the first Charity that's noticed that I exist. My family has been made fully aware that we are not on our own".

We have seen a significant change in the demographics of our beneficiaries in recent years, with the decline in numbers of the World War 2 and National Service generations. Increasing levels of support are required for the 25-44 Age Group, who especially require support with Education and Training. A number of new schemes to support individuals within this group were introduced in 2013, with the Poppy Factory, Royal British Legion Industries and Remploy now providing vocational assessment, training and employment for disadvantaged younger veterans; these schemes are all funded by the Charity. Clearly, there is a synergy between the age of our beneficiaries and the purpose of the grants; the younger age groups tend to seek support for employment and training, housing and lifestyle issues such as debt; the older generation require support for mobility, home adaptations and care issues.

Bill Speakman VC



Bill was awarded the [Victoria Cross](#), the most prestigious award for gallantry in the face of the enemy, for actions during the Korean War as a Private in the Black Watch, attached to **The Kings Own Scottish Borderers**. When Bill's health began to deteriorate it affected his mobility, so The Soldiers' Charity gave him a grant towards an electric scooter. Bill says:

"It lengthens my outside living by a long way, which is so important to me. When you're a soldier, and you've done some years, you become part of a regiment, part of a family. But you know that if you're really in trouble, there are people there who may be able to help, like how The Soldiers' Charity have done with me. It touches your heart a bit."

Grants to other Charities

The Charity made 86 grants to other charities totalling £2.8m in 2013. These charities provide help to over 77,000 individuals. These grants are made on behalf of Regimental and Corps Associations. Regimental contributions to The Soldiers' Charity are utilised towards the cost of these grants but the Charity has to increasingly make up the difference.

The priorities for grants to charities were: care to the elderly, mental health and respite care, homelessness, supported housing, education and training and welfare support to the Army Family. The largest single grants were:

- Combat Stress - £320k for the provision of mental health care to Army veterans. Combat Stress is currently supporting 4,128 former soldiers including the provision of 20,100 nights of residential treatment.
- SSAFA - £311k for provision of caseworkers, on behalf of Regiments and Corps, and family support to serving personnel and veterans. They will support some 900 in-service Army cases and over 25,000 veterans.
- Regular Forces Employment Association - £238k for resettlement and employment advice to 2,500 individuals who are no longer entitled to routine resettlement advice. As a result some 942 former soldiers were directly helped into jobs.
- Veterans Aid – £45k for support to individuals and £34k to fund an outreach caseworker. Over the year, Veterans Aid has helped 418 ex-Army personnel, of whom 73 were Foreign and Commonwealth. This equates to 20,675 nights of accommodation for ex-Army personnel.
- Royal Commonwealth Ex-Services League - £240k – they provide funding equivalent to one meal per day for some 15,000 Commonwealth veterans around the world.

Sergeant John Macharia



One individual supported by the Royal Commonwealth Ex-Services League is former Sergeant John Macharia, who is 96 years old. He served throughout WWII, including time in Burma, with 5th Battalion The Kings African Rifles. He lives on a small plot with his family in the Laikipia region of Kenya and is supported with a grant, made by The Soldiers' Charity and administered through the RCEL Member Organisation in Kenya.

Whilst many of the charities that we support are funded on a regular basis, we also provide funding for short term or one-off projects. During 2012/13 this list included:

- UK Joint Air Mounting Centre at South Cerney - £15k to fund wi-fi and televisions for troops waiting to be deployed on operations.
- Child Bereavement Charity - £14.8k to provide bereavement support to families during the Families Activity Break programme.

The Charity is becoming increasingly focused on discerning where real benefit actually results from these grants – not least supported by a rigorous programme of visits and audit. This is an area where an absolute focus on supporting real need rather than merely the 'nice to have' is critical in an ever more demanding context.

Other support to Service Charities

In addition to grants, the Charity provides considerable support to a number of other Service charities, not least because a significant majority of total cases of Service-need nationally relate to serving or retired Army personnel, perhaps as high as 80%. An extensive network of advice and support is provided to a number of Service charities and other organisations, especially through the participation of the Chief Executive and the Director of Grants & Welfare as Trustees or in other capacities. Organisations supported in this way by the CEO include COBSEO, the Officers Association, The Army Dependents Trust, Armed Forces Common Investment Fund, Forces In Mind Trust, Families of the Fallen, Variety; and by Director Grants & Welfare: Veterans Aid, Veterans Scotland, Queen Mary Roehampton Trust and the Army Widows Association amongst others.

The Charity is the lessee for the Mountbarrow House offices in Victoria and acts as 'landlord' to 6 other organisations sharing the space, including the Officers' Association and the Regular Forces Employment Association. Whilst each licensee pays a rental charge, there has been a significant subsidy from the Charity.

All of this support has both substantial real and opportunity costs for the Charity - but we have the greatest stake in encouraging coordinated activity across the Service charities.

Central Fundraising

Central Fundraising at the Charity continued to perform well against the background of the beginning of the drawdown of troops from Afghanistan and a very demanding fund raising climate. Overall income at £3.09m (£1.63m net) has shown a small drop against the £3.18m from 2012, and this has led to a re-focusing in some areas, as well as some adjustments to team structures.

Performances against the Central fundraising functions were:

Individual Giving: £1.91m (2012: £2.03m). Income from Individual Giving showed a slight drop against the previous year. Central Mailings and Regular Giving performed well and confirmed that the investment made in those areas in the last two years was worthwhile. A three-year plan against specific themes has been developed to give a backdrop to all communications across the Charity, and these themes will be integrated into all marketing materials.

Trusts, Foundations & Major Donors: £884k (2012: £625k) Once again, income from Trusts, Foundations and Major Donors continued to grow, from £625k in 2012 to an impressive £884k in 2013, including significant grants of £100k over two years from the Sunrise (Sidmouth) Charitable Trust and £135k from the Lloyds Patriotic Fund. The reasons for this continued growth include careful research and targeting, relevant applications, and a high standard of reporting in conjunction with the Grants & Welfare team.

Legacy income: £2.26m (2012: £3.13m) Legacy income was lower than in 2012. Legacy promotion remains a high priority and legacy marketing events are being examined as an additional means of promoting the legacy message, along with the regular promotion within our mailing programme and promotional literature.

Corporate Fundraising: £244k (2012: £292k) Income from Corporate Fundraising has been affected by turnover within the team, resulting in a reduction from three to one member of staff during the last five months of the financial year. Notwithstanding the reduced staff resource available, partnerships were developed across a wide range of corporate partners, including long-standing relationships such as Barclays, MBDA, and BAe Systems, and others new to the Charity. Additional income raised in 2013 by the Corporate Account Manager from new partnerships with Pandora and Red Lion Foods, worth £100k and £20k respectively, is being credited to Soldiers' Trading Company, a wholly-owned trading subsidiary of the Charity. As previously reported, the Charity had enjoyed a successful partnership with the Ideal Home Show since March 2010, raising around £275k. The first day of each show was nominated as "Troops Day", and HRH The Prince of Wales again visited our stand for the second year in a row, meeting beneficiaries and

staff. After the 2012 Ideal Home Show Scotland show, it was agreed that the partnership had run its course and the partnership has now been brought to a conclusion.

National Events: £382k (2012: £237k). National events continued to make a significant contribution to the Central Fundraising portfolio. Celebrating the fifth year of its running year, The Lord Mayor's Big Curry was again held at Guildhall in early April 2012. Over 900 tickets were sold, entirely filling the Hall, and raising in excess of £200k. Staying with the theme of successfully repeated events, the second running of the CATERAN YOMP in Perthshire attracted 480 participants to the challenge of walking a demanding 54 mile mountainous route in under 24 hours, netting in excess of £90k for the Charity. Our Chief Executive was amongst the competitors at this year's event and completed the 36 mile Silver challenge.



Cateran Yomp 2012 team

The second Soldier Challenge event took place in May 2012. The success of the first Challenge in 2011 was not quite repeated: around 750 participants competed in different military themed challenges across London, but the high costs of the event plus low levels of sponsorship raised by participants and a crowded market place mean that this event will not be repeated in 2013.

Finally, in December 2012, the Charity presented the spectacular British Military Tournament for the third successive year at Earls Court. This is the Charity's national flagship event with participants drawn from across the Armed Forces, supported by our sister charities – the Royal Navy & Royal Marines Charity and the RAF Benevolent Fund - with generous sponsorship from Boeing and Hewlett-Packard. We were privileged yet again by the presence of members of the Royal Family as Guests of Honour at each of the four performances. Ticket sales were slightly down from 2011, attributed to the London Olympics effect, but nevertheless feedback from those attending was very encouraging indeed. Whilst it is an expensive show to stage and net profits are modest, the wider benefits for the profile of the Charity are considerable. We are busy planning for the fourth British Military Tournament on 7th and 8th December 2013.



British Military Tournament 2012 Counter-IED Incident

Data & Business Intelligence. As reported last year, we have continued to invest further in the development and exploitation of the Raiser’s Edge database, critical to the Charity’s effective fundraising operations. This is now part of “business as usual” at both Central office and also many Regional offices and we will continue to invest in training and resourcing what is a vital tool in support of our fundraising.

Central Fundraising Targets for 2014. The target for the next financial year has been set at £3.6m (£2.05m net of costs). Looking forward to the next financial year, the Central Fundraising team is committed to meeting this ambitious overall target.

Regional Fundraising

Regional fundraising has had a testing year. Funds raised are down on last year; £2.95m against £3.59m in 2012. The fundraising climate has without doubt become much tougher, which has been evident in the reduction of income at annual events. Poor summer weather, coupled with increasing competition from other events such as the Diamond Jubilee and the Olympics have also had a significant impact. Staff churn has been 6 out of 36 posts, with 4 being new Regional Directors. Our volunteers, especially our county committees (totalling 67) with almost 1000 active volunteers, continue to perform an outstanding role in both promoting the Charity and raising funds.

Performances against the five fundraising income categories were:

Events Income. £0.77m net of events costs. (2012: £1.01m) Key successes were: the Early, Early Christmas Fair in Tidworth in September 2012 which raised £26K; the Big Curry at the Madjeski Stadium in Reading which raised £12.5k; and in tackling the Portsmouth Spinnaker Tower Abseil, Mrs Trish Wagstaff raised £14.5k.



Trish Wagstaff – Spinnaker Tower Abseil

The “Celebrate our Soldiers” concert in Exeter Cathedral raised £12.5k; the Raisthorpe Shoot raised £30K; the Annual Beating Retreat and Concert at Thursford in Norfolk raised £11.5k; the Black Tie & Auction in Hereford raised £16k; and the Diamond Jubilee Concert in Belfast raised £15k.

Public Donations. £1.495m (2012: £1.488m) Particular successes included: the RHS Chelsea Flower Show collections raised £40K; Johnny Jenkins aged 70+ playing his keyboard at the Garden Centre in Lasswade raised £6.8K and the Afghan Memorial Run in which two serving female soldiers running 434 miles raised over £8K.



L/Cpl Mark Harding of 1st Battalion the Duke Of Lancaster’s Regiment, who spent the last two years recovering from a fractured vertebra and a damaged spinal cord as a result of sniper fire, which left him initially paralysed from the neck down, walked up Skiddaw in the Lake District; he and his support team raised £6K.

Mark Harding on summit of Skiddaw

We also received the magnificent sum of £50k from the St George's Hill Charity Donation Golf Day; fantastic bucket collections from amongst many others the York Centenary Parade; by soldiers from the Royal Welsh Regiment at various rugby matches at the Cardiff Millennium Stadium; and the wonderful sum of £22k from Exercise Sherwood Fortitude, a sponsored static bike ride representing the distance from UK to Afghanistan.

Army Donations. A total of £332k (2012: £518k) was raised, 36% down on last year which is disappointing. We do have similar number of units raising funds, but they are achieving less. The winning unit in the Carrington Drum was 17 Port & Maritime Regiment RLC, raising £15k, and the ACF winners of the Revision Cadet Challenge were the Catterick ACF Detachment.



Carrington Drum Winners 2013 – 17 Port & Maritime Regiment RLC

Regional Corporates. Income from this source was almost £264k (2012: £326k), which included a very generous donation of £120k from the Royal Edinburgh Military Tattoo.

Regional Trusts. Income of £86k (2012: £244k which included £100k from The Sir Alex Ferguson Trust). New processes are being put in place to improve income for the next financial year.

Regional Fundraising Target for 2014. The target for the next financial year has been set at £3.24m (£1.875m net of costs), an increase of 6.8% from this year. Other key objectives are: further developing the exploitation of Raiser's Edge Database for the management of events, our supporter database and volunteers; to further develop our links with the Army (both Regular and Territorial Army), the Army Cadet Force and the wider Army family.

Communications

Media Coverage

Our media coverage has been extensive, with some 2,870 news articles, features, interviews and broadcast interviews featuring or about the Charity during 2013 (2012: 3,800). This coverage, which was virtually all positive or neutral, had a PR 'value' of £5.5m, given the considerable reach. Online accounted for over three-quarters of the Charity's media reach; national media coverage accounted for almost 10% with regional media coverage at 8.6%. We featured in 35 television and radio broadcasts through the year which was estimated to reach some 60 million people, ranging from appearances on BBC 1, ITV and Channel 5 to Classic FM and BBC Local Radio.

On-line Reach

Our Website www.soldierscharity.org had over 210,000 visitors in 2013, which was more than double the previous year's 98,000 visits. This can be attributed to the new improved website and effective use of our Google Grants funds to 'drive' on-line visitors to the site. Almost three quarters (73.2%) were new visitors.

Visits through mobile devices shot up by almost 250%, with 30,000 visits made through mobile phones and tablet devices, compared to just 8,000 visits in the previous year.

Our Social Media reach continues to grow at a considerable pace: Facebook 'likes' more than doubled from 25,000 to over 55,000 and Twitter followers have also more than doubled from 3,500 to 8,000 in this last year.



*Winners of Digi-Award Digital Campaign 2012 for
'Thanks, Soldier!'*

During this period our successful digital campaign, 'Thanks, Soldier!' won a coveted Digi-Award for Best Digital Campaign of the year in July 2012. The campaign beat large corporations, with large budgets, to the award, including Mercedes Benz, Ernst & Young and Discovery Channel - and all on a 'shoe string'. Over 6,000 people, including Prime Minister David Cameron, joined the Facebook campaign by adding their profile picture to a Union Jack flag that was projected onto an iconic landmark, the White Cliffs of Dover, on New Year's Eve.



The Army Family campaign, launched last September, features on our huge, permanent advertisement at Waterloo train station. Run through Facebook, the digital-led campaign features clips of members of The Army Family talking about the Charity. It was the most viewed charity video on You Tube in the week it launched and was Third Sector Magazine's Digital Campaign of the Month; it was shortlisted for another Digi Award, to be announced in July 2013.

Collaborative working of the Digital Communication and PR Managers on all major projects has brought real dividends and has helped the Charity to achieve such a good profile out of 'Thanks, Soldier!', the Army Family Facebook App, Pandora and other projects, all with no extra resources.

Financial Review

Results for the year

The operating result and the net movement in funds for the period to 31 March 2013 are in respect of the incorporated Charity. The result and funds movement for the year to 31 March 2012 are in respect of the unincorporated Charity (see Note 2 to Notes to the Accounts)

	2013 £	2012 £
Total incoming resources	13,195,915	14,846,189
Total resources expended	(15,038,146)	(16,035,484)
Net (outgoing) resources	<u>(1,842,231)</u>	<u>(1,189,295)</u>
Associates	2,711	(4,342)
Exchange losses	(102)	(1,790)
Unrealised gains / (losses) on investments	3,782,818	(848,557)
Net movement in funds	<u><u>1,943,196</u></u>	<u><u>(2,043,984)</u></u>

Total incoming resources of £13,196k were £1,650k (11.1%) below last year's figure of £14,846k, while total resources expended fell by £997k (6.2%) from £16,035k to £15,038k. As a result net outgoing resources were £1,842k compared to net outgoing resources of £1,189k in the previous year, a deterioration of £653k.

Income from the Public ("Donations and Appeals" and "Legacies") fell by £1,420k to £6,910k as the fundraising environment became increasingly challenging. Within this income stream, Legacy income fell by £877k but at £2,256k (2012 : £3,133k) it is still some 50% above the average of £1,421k recorded in the five years to 31 March 2009. For Donations and Appeals, income from Central Mailings fell by 21% to £1,069k (2012 : £1,355k) following an increase of 31% in the previous year, but is still almost 60% higher than figure reported five years ago. Actions are being taken to strengthen the approach to the public for mailing activity in the year to March 2014. As outlined above under the Central and Regional Fundraising sections, the income from the Trusts, Corporates and Major Donors arrangements is now providing an important contribution to the Charity's total income and we expect the proportion of fundraising income coming from these sources to increase in the years ahead, as current relationships are strengthened and new relationships are developed. The progress in developing the Trusts, Corporates and Major Donor income streams is encouraging, but it has had to be matched by commensurate investment in staff and IT with a resulting impact on the cost base.

Total income from the Army increased by £101k to £1,310k, with mixed results. Contributions from local Army units fell by £186k to £332k (2012 : £518k) in part reflecting the heavy operational commitments of Army units and consequently the fact that they have less time and opportunity to fundraise for the Charity. However grants received from Regiments & Corps Benevolent Funds rose by £387k (82%) to £858k (2012 : £471k), which included a grant of £200k from the Gurkha Welfare Trust, reflecting the sustained and very substantial load their beneficiaries are placing on this Charity. Having given a grant of £100k to the Charity in the previous year, The Army Dependents Trust was unable to make a similar grant from their surplus in the current year.

Income from activities for generating funds - Other Donations and Events - raised £2.3 million (2012 : £2.9 million). Reflecting the more competitive and challenging fundraising environment, income from events held in the Regions fell by £0.5 million to £1.1 million, whilst income from National Office events and from Trading Subsidiaries fell by £100k to £1.2million (2012 : £1.3 million).

Investment Income was just over £1.35 million, an increase of almost £250k over the previous year. Dividends and deposit income increased by 13% to £1,209k (2012 : £1,072k) with the dividend rate on the Charity's main investment (the Armed Forces Common Investment Fund) rising by the same amount. Income from sub-letting office space at Mountbarrow House was £147k (2012 : £42k), reflecting the more rigorous assessment and attribution of costs following the restructuring of the National Office. The rise of around 12% in the Stock Market during the year resulted in the recording of net investment valuation gains of £3,783k (2012: net losses of £849k).

Resources Expended in the current year fell by £997k (6.2%) to £15,038k. Grants for the Benefit of Individuals and to Other Charities fell by £493k (5.7%) to £8,086k, with virtually all of the decrease coming in the Other Charities area as grants were restricted to more closely reflect the income available from fundraising. The costs of Generating Voluntary Income were also lower (by £315k), primarily as a result of a reduction of £205k in Appeals mailing costs. Costs of Goods Sold and Other Costs fell by £565k as tighter control and focus on event costs resulted in lower costs of £142k at the National Office and £251k in the Regions, following actions taken in the current year and the previous year to improve operating efficiency. Grant making support costs were just over £600k in both years, but Governance costs increased by around £150k in the year reflecting the increasingly greater complexity in the running of the Charity.

The Trustees have decided to show separately the increasing level of costs in providing "Other Support to Charities", and these are now shown in the Statement of Financial Activities. This support comes in a number of forms, including management and staff time working on administrative and governance matters for other charities (for example being on their Board of Trustees) to charging less than full accommodation costs for office space they occupy at Mountbarrow House. The level of our involvement with other charities, and the costs involved, will be kept under review. In the current year the costs identified as being in support of other charities amounted to £260k.

The Charity has three trading subsidiary companies, with The Army Benevolent Fund Enterprises Ltd covering the sale of the Charity's Christmas cards, diaries and selected other items, The Tournament Trading Company Ltd responsible for the British Military Tournament event, and Soldiers' Trading Ltd carrying out general purpose trading activities. The profits from the three trading subsidiaries amounted to £139k (2012 : £250k) and as in previous years each will make a Gift Aid payment of their profit for the year to March 2013 to the parent Charity.

With incoming resources net of event and other activity costs being £10,451k (2012 : £11,537k), the costs of generating voluntary income represent 29% (2012 : 29%) of the income available.

This might appear a higher percentage than in some charities, but is largely driven by two characteristics of this particular Charity. First we are exclusively a grant making, rather than delivery, charity so virtually all our staff and infrastructure expenditure represents overhead costs rather than charitable outputs. We have no care homes, caseworkers or other similar charitable expenditure across which our total costs can be allocated. Second, as the Army's National charity, a considerable proportion of our time and effort is spent on coordinating activity across a range of charities which deliver on our behalf; on managing substantial funds on behalf of others and underpinning the Army's Recovery Capability which supports a key priority – the wounded, injured and sick. We neither charge for this support, nor receive grants from public bodies, nor derive any income from any of our grant making activities. All these responsibilities are delivered at direct cost to the Charity. In essence we act as both a grant making and enabling charity - and both functions are undertaken entirely at our expense.

Reserves

In considering the level of Reserves needed by the Charity, the Trustees are aware that the fundraising environment is becoming increasingly more challenging as a result of the weakness in the economy and also as the current operations in Afghanistan are brought to a conclusion. At the same time the number of beneficiaries needing support from the Charity is increasing year-on-year.

For many years the Trustees have regarded the major part of the General Fund Reserves as a “Strategic Reserve”, to be used as set out below. The Strategic Reserves are, in effect, designated reserves and the Trustees have now decided to formally recognise this by reclassifying the Strategic Reserves from General Funds to Designated Funds (see Notes 24 and 26 in Notes to the Accounts). The effect of this move is to transfer £29.5 million from General Fund Reserves to Designated Fund Reserves.

It is the Trustees’ policy to review the level of Reserves on both individual funds as well as in total, and, if necessary, they are prepared to withdraw amounts from the Restricted and Designated Funds investment portfolios in order to meet the Charity’s grant making obligations from those Funds. As at 31 March 2013 the total Reserves of £45.0 million (2012: £43.1million) consist of Restricted and Designated Funds Reserves of £38.4 million (2012: £8.7 million) and Unrestricted General Fund Reserves of £6.6 million (2012: £34.4 million).

There are a number of factors which determine the appropriate level of the Strategic Reserves, now within Designated Funds Reserves:

- The military operations in Iraq and Afghanistan over the past ten years are having a significant impact on the Charity, both in terms of the growth in the number of beneficiaries and in the climate for public donations. It is considered prudent for the Charity to hold in reserve an amount equivalent to approximately two years Unrestricted Funds benevolence grants for individuals and to other charities, in order that the Charity’s objectives can be met in the short to medium term, and this requires a reserves holding in the region of £12 million.
- The Charity acts as a strategic reserve for other Army benevolent funds including those of Regiments and Corps, who currently make benevolence grants of around £6 million a year. It also has an obligation to support the Army Dependents’ Trust (ADT), where it has been agreed that if that organisation’s net outgoing resources in any one year exceed £3 million then the Charity will, if necessary, make available a loan of up to £4 million. It is considered that the Charity should hold in reserve an amount equivalent to approximately two years Regimental and Corps benevolence grants, and combined with the obligation to the ADT this requires a reserve holding of £16 million.

In addition the Charity needs to ensure that it can maintain the appropriate infrastructure to make benevolence payments on its own behalf and also on behalf of Regiments and Corps for a period of up to two years. The reserves required to satisfy this obligation are around £1.5 million. Taking all of these factors into account the level of Strategic Reserves required is £29.5 million.

Following the transfer of the “Strategic Reserve” to Designated Funds, the balance on the Unrestricted General Fund is now, in effect, the Charity’s contingency reserves. The balance of £6.6 million on this reserve as at 31 March 2013 represents approximately nine months cover for the Charity’s non-grant costs and the Trustees are of the opinion that in the current economic climate the level of the contingency reserve is prudent and appropriate.

Investment management

The Charity's investments are largely held in Distribution units of the BlackRock Armed Forces Common Investment Fund (AFCIF). At the year end the market value of the Charity's AFCIF holding was £35,063k (2012: £31,549k).

The Army Common Investment Fund (ACIF) was launched in September 2002 to provide Army charities with a professionally managed investment management and administration service at relatively low cost. As a Common Investment Fund it is a charity in its own right, with a Corporate Trustee and an independent Advisory Board, comprising elected representatives of the participating charities and senior City individuals. In 2007 the ACIF was renamed the Armed Forces Common Investment Fund (AFCIF), recognising that it is open to all charities of the armed forces.

The principal performance objective of the AFCIF is to seek to outperform its customised, composite benchmark by 1% per annum after fees over a rolling 3 year period. Since the launch the total returns on Accumulation units have been 134.2% compared to the benchmark returns of 125.6%, and over the three year period to 31 March 2013 have been 25.5% and 25.9% respectively. The Charity holds Distribution units in the AFCIF; the return on these units for the year to 31 March 2013 was 10.8% compared to 9.9% for the benchmark. Since the launch, the total returns on the Distribution units have been 70.4% and 63.4% respectively, and over the three year period to 31 March 2013 were 12.9% and 16.0% respectively. The income distribution in the year to 31 March 2013 was 5.75p per unit (2012: 5.10p per unit) and BlackRock has set a target of a dividend of 6.35p for the year to March 2014. Although the AFCIF has its own independent advisory board, the Charity's Finance and Investment Committee and its Trustee Board monitor the AFCIF performance against its benchmark.

The Trustees of the Charity appreciate that the Charity is a long term investor in the AFCIF, and accordingly look beyond the day-to-day fluctuations in the market. This means that the portfolio will sometimes underperform the market as a whole in year; the Trustees accept this limitation and are aware that the value of the investment portfolio can fall as well as rise. However with the support of the Trustees, the Finance and Investment Committee will be undertaking a review of the medium to long term requirements of the portfolio in terms of asset allocation for income and capital growth. This may result in part of the investment funds being withdrawn from the AFCIF and reinvested in other funds.

During the year the Charity sold its holding of units in the BlackRock Cash Fund, providing funds for day-to-day activities and for necessary infrastructure developments. In November 2012, the Charity's investment in units in the Cazenove Absolute Return Trust for Charities (ARTC) was transferred to units in the Cazenove Jubilee Absolute Return Fund following the decision by Cazenove to close the ARTC.

The Trustees hold the above-mentioned contingency reserve in three funds; in the investments in the BlackRock Dynamic Diversified Growth Fund, in the Cazenove Jubilee Absolute Return Fund, and in part of the AFCIF holding.

The Finance and Investment Committee reviews the performance of the Charity's various investments at each of its meetings and meets with the main fund manager during the year to assess and critically examine their performance.

Going concern

Having reviewed the financial performance for the year, the budget for the year to March 2014 and plans for future years, the Trustees confirm that the financial statements for the year to March 2013 can be prepared on the going concern basis.

Plans for Future Period

The Charity has a 3-year Strategic framework for the period 2013 to 2016. The planning assumptions for this period are that:

- After careful review of future needs, the Trustees concluded that the Charity should configure itself to meet 'Gently Rising Demand' – broadly defined as a 5% year-on-year increase in real expenditure on individual grants.
- The Army's involvement in the Afghanistan campaign will reduce with the handover of responsibilities to the Afghan national forces; the Charity must position itself so that it can continue to attract sufficient funds and other support in an era when the Armed Forces are rather less in the public's mind.
- Continuing fiscal constraint and the unprecedented scale of Government imposed savings measures will result in significant contraction of public service provision to beneficiaries; the Charity – with other Third Sector providers – is likely to be expected to 'fill the void' with provision of increased levels of benevolence support.
- The Army will recognise the imperative to operate in close collaboration with the Charity, but may continue to find it difficult to translate that intent into actual action.
- Furthermore, the Army might consider outsourcing some personnel support activities to the Charity, but perhaps in a piecemeal manner.
- The future viability of some of the Regimental and Corps Associations (R&CA) may be in question if subject to increasing scrutiny and challenge over their publicly funded components; the Charity must be positioned ready to assist Associations, particularly those historic Associations without 'One-Days Pay Scheme' income and dwindling reserves.
- Respective '1st line' roles (for the Regimental & Corps Associations) and '2nd line' roles (for our Charity) may have to be re-evaluated and re-balanced in the light of changing circumstances.
- Every effort should be made to ensure that the Army Central Fund, the Army Dependents Trust and ABF The Soldiers' Charity, noting the considerable overlap of both activities and interests, operate in an increasingly co-ordinated fashion.
- The willingness to engage, co-operate and co-ordinate efforts between related Service charities will continue to develop under COBSEO leadership, but may become increasingly fractious as the resource picture tightens.
- The Charity will continue to outsource case working to SSAFA-FH, TRBL and other specialist charities in the short to medium term; there remains no desire to become a delivery organisation per se.
- The Charity must continue to explore every opportunity to operate in the most cost effective manner in partnership with others currently located in Mountbarrow House.

The Charity's Strategic Objectives for the period 2013-2016 are to:

Objective 1: Sustain for the long term those in need.

Objective 2: Increasingly act in close and coordinated collaboration with the Army at every level,

Objective 3: Achieve wider public recognition and awareness of, and support for, the Charity's work.

Objective 4. Maximise net income generation against the need.

Objective 5: Ensure that our structure, governance, ethos and processes enable the organisation to be highly efficient, effective and responsive.

Objective 6: Facilitate co-operation, co-ordination, co-location (where appropriate) and convergence with other Service charities sharing similar objectives to our own.

Objective 7: Ensure that our Reserves are maintained at an adequate level appropriate level compatible with increased grant giving.

Trustees' responsibilities in respect of the Annual Report and financial statements

The Trustees (who are also Directors of ABF The Soldiers' Charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare the financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant material audit information of which the charitable company’s auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees have a duty to report on how the charitable company provides public benefit by explaining:

- the significant activities undertaken in order to carry out our aims for the public benefit; and
- our achievements measured against those aims.

The Trustees confirm that we have had regard to the Charity Commission’s guidance on public benefit in reporting on the Charity’s vision, purpose and goals, and on our objectives and achievements on pages 1 to 11.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity’s website.

The Legal and Administrative Details form an integral part of this report.

Approved by the Board of Trustees and signed on its behalf on 24 July 2013.



Chairman.....

Major General P J Sheppard CB CBE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ABF THE SOLDIERS' CHARITY

We have audited the financial statements of ABF The Soldiers' Charity for the period ended 31 March 2013 which comprise the consolidated and parent Statement of Financial Activities, the consolidated and parent Balance Sheets, the consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the Company's Trustees, as a body, in accordance with regulations made under section 44 of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulations 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where regulations made under the Charities and Trustee Investment (Scotland) Act 2005 and where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Chantrey Vellacott DFK LLP

PHILIP CLARK (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor

2 August 2013 London, UK

CHANTREY VELLACOTT DFK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

ABF THE SOLDIERS' CHARITY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD TO 31 MARCH 2013

	Notes	Incorporated Charity			Total 2013	Unincorporated Charity
		General Funds	Designated Funds (note 3, 24)	Restricted Funds (note 4,25)		Total 2012 (note 2)
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
From the public						
Donations and Appeals Income		4,618,723	10,000	25,000	4,653,723	5,197,371
Legacies		2,255,821	-	-	2,255,821	3,132,791
		<u>6,874,544</u>	<u>10,000</u>	<u>25,000</u>	<u>6,909,544</u>	<u>8,330,162</u>
From the Army						
Army Units		332,305	-	-	332,305	518,279
Regimental and Corps Benevolent Funds		857,851	-	-	857,851	470,684
Army Dependants Trust		-	-	-	-	100,000
Service related activities		120,000	-	-	120,000	120,000
		<u>1,310,156</u>	<u>-</u>	<u>-</u>	<u>1,310,156</u>	<u>1,208,963</u>
Investment income	7	1,179,090	14,788	162,934	1,356,812	1,114,119
Activities for generating funds						
Other donations and events		2,061,967	284,127	-	2,346,094	2,855,928
Incoming resources from charitable activities		-	-	1,273,309	1,273,309	1,337,017
Total incoming resources		<u>11,425,757</u>	<u>308,915</u>	<u>1,461,243</u>	<u>13,195,915</u>	<u>14,846,189</u>
Resources expended						
Costs of generating funds						
Fundraising trading: cost of goods sold and other costs	8	2,661,777	82,331	668	2,744,776	3,309,336
Costs of generating voluntary income	9	3,064,703	8	-	3,064,711	3,380,091
		<u>5,726,480</u>	<u>82,339</u>	<u>668</u>	<u>5,809,487</u>	<u>6,689,427</u>
Charitable activities						
Grantmaking costs						
Grants to Regiments and Corps for the benefit of individuals	10	3,365,747	206,821	1,700,419	5,272,987	5,302,335
Grants to other charities	11	2,459,836	220,920	131,840	2,812,596	3,276,382
		<u>5,825,583</u>	<u>427,741</u>	<u>1,832,259</u>	<u>8,085,583</u>	<u>8,578,717</u>
Grant making support costs	12	606,128	-	-	606,128	642,695
		<u>6,431,711</u>	<u>427,741</u>	<u>1,832,259</u>	<u>8,691,711</u>	<u>9,221,412</u>
Other support to charities	13	260,831	-	-	260,831	-
Governance costs	15	276,117	-	-	276,117	124,645
Total resources expended		<u>12,695,139</u>	<u>510,080</u>	<u>1,832,927</u>	<u>15,038,146</u>	<u>16,035,484</u>
Net outgoing resources before transfers		(1,269,382)	(201,165)	(371,684)	(1,842,231)	(1,189,295)
Transfers between funds	24,25	(29,676,849)	29,500,000	176,849	-	-
Net interest in the results for the year in associates		2,711	-	-	2,711	(4,342)
Other recognised gains and losses						
Exchange losses		(102)	-	-	(102)	(1,790)
Unrealised gains / (losses) on investments	18	3,255,287	43,951	483,580	3,782,818	(848,557)
Net movement in funds		<u>(27,688,335)</u>	<u>29,342,786</u>	<u>288,745</u>	<u>1,943,196</u>	<u>(2,043,984)</u>
Fund transferred in at April 1 2012		34,336,540	4,275,652	4,458,410	43,070,602	45,114,586
Fund balances at March 31 2013		<u>6,648,205</u>	<u>33,618,438</u>	<u>4,747,155</u>	<u>45,013,798</u>	<u>43,070,602</u>

All gains and losses are included above, and accordingly a statement of total recognised gains and losses has not been presented. All incoming resources and resources expended are derived from continuing operations.

ABF THE SOLDIERS' CHARITY
CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD TO 31 MARCH 2013

	Notes	Incorporated Charity			Unincorporated
		General Funds	Designated Funds	Restricted Funds	Charity
		£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
From the public					
Donations and Appeals Income		4,499,262	10,000	25,000	4,534,262
Legacies		2,255,821	-	-	2,255,821
		<u>6,755,083</u>	<u>10,000</u>	<u>25,000</u>	<u>6,790,083</u>
From the Army					
Army Units		332,305	-	-	332,305
Regimental and Corps Benevolent Funds		857,851	-	-	857,851
Army Dependants Trust		-	-	-	-
Service related activities		120,000	-	-	120,000
		<u>1,310,156</u>	<u>-</u>	<u>-</u>	<u>1,310,156</u>
Investment income	7	1,178,739	14,788	162,934	1,356,461
Activities for generating funds					
Other donations and events		1,894,600	284,127	-	2,178,727
Incoming resources from charitable activities		-	-	1,273,309	1,273,309
Total incoming resources		<u>11,138,578</u>	<u>308,915</u>	<u>1,461,243</u>	<u>12,908,736</u>
Resources expended					
Costs of generating funds					
Fundraising trading: cost of goods sold and other costs		2,374,598	82,331	668	2,457,597
Costs of generating voluntary income		3,064,703	8	-	3,064,711
		<u>5,439,301</u>	<u>82,339</u>	<u>668</u>	<u>5,522,308</u>
Charitable activities					
Grantmaking costs					
Grants to Regiments and Corps for the benefit of individuals	10	3,365,747	206,821	1,700,419	5,272,987
Grants to other charities	11	2,459,836	220,920	131,840	2,812,596
		<u>5,825,583</u>	<u>427,741</u>	<u>1,832,259</u>	<u>8,085,583</u>
Grant making support costs	12	606,128	-	-	606,128
		<u>6,431,711</u>	<u>427,741</u>	<u>1,832,259</u>	<u>8,691,711</u>
Other support to charities	13	260,831	-	-	260,831
Governance costs	15	276,117	-	-	276,117
Total resources expended		<u>12,407,960</u>	<u>510,080</u>	<u>1,832,927</u>	<u>14,750,967</u>
Net outgoing resources before transfers		(1,269,382)	(201,165)	(371,684)	(1,842,231)
Transfers between funds	24,25	(29,676,849)	29,500,000	176,849	-
Net interest in the results for the year in associates		2,711	-	-	2,711
Other recognised gains and losses					
Exchange losses		(102)	-	-	(102)
Unrealised gains / (losses) on investments	18	3,255,287	43,951	483,580	3,782,818
Net movement in funds		<u>(27,688,335)</u>	<u>29,342,786</u>	<u>288,745</u>	<u>1,943,196</u>
Funds transferred in at April 1 2012		34,335,966	4,275,652	4,458,410	43,070,028
Fund balances at March 31 2013		<u>6,647,631</u>	<u>33,618,438</u>	<u>4,747,155</u>	<u>45,013,224</u>

All gains and losses are included above, and accordingly a statement of total recognised gains and losses has not been presented. All incoming resources and resources expended are derived from continuing operations.

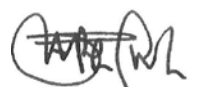
**ABF THE SOLDIERS' CHARITY
BALANCE SHEETS
AT 31 MARCH 2013**

	Notes	Group		Charity	
		2013 £	2012 £	2013 £	2012 £
Fixed assets					
Tangible assets	17	437,956	256,781	437,956	256,781
Investments	18	39,948,879	38,837,779	39,948,884	38,837,784
Associate undertaking	19	(1,630)	(4,342)	(1,630)	(4,342)
		<u>40,385,205</u>	<u>39,090,218</u>	<u>40,385,210</u>	<u>39,090,223</u>
Current assets					
Stocks		-	14,058	-	-
Loan debtors	20	32,335	32,335	32,335	32,335
Other debtors	21	2,744,978	2,287,919	2,738,307	2,854,165
Short term deposits		2,450,000	1,450,000	2,450,000	1,450,000
Cash at bank and in hand		1,107,188	2,029,541	740,316	1,020,841
		<u>6,334,501</u>	<u>5,813,853</u>	<u>5,960,958</u>	<u>5,357,341</u>
Creditors: amounts falling due within one year	22	<u>1,705,908</u>	<u>1,833,469</u>	<u>1,332,944</u>	<u>1,377,536</u>
Net current assets		<u>4,628,593</u>	<u>3,980,384</u>	<u>4,628,014</u>	<u>3,979,805</u>
Net assets	23	<u>45,013,798</u>	<u>43,070,602</u>	<u>45,013,224</u>	<u>43,070,028</u>
Represented by:					
Income funds					
Restricted funds	4, 25	4,747,155	4,458,410	4,747,155	4,458,410
Unrestricted funds:					
Designated funds	3, 24	33,618,438	4,275,652	33,618,438	4,275,652
General funds	26	6,648,205	34,336,540	6,647,631	34,335,966
		<u>45,013,798</u>	<u>43,070,602</u>	<u>45,013,224</u>	<u>43,070,028</u>
Total funds		<u>45,013,798</u>	<u>43,070,602</u>	<u>45,013,224</u>	<u>43,070,028</u>

Approved by the Board of Trustees and signed on their behalf



.....
Major General (Retd) Peter Sheppard CB CBE
Chairman



.....
Stephen Clark TD FCIB Chartered FCSI (HON)
Deputy Chairman and Honorary Treasurer

24 July 2013

Registered in England and Wales, company number 07974609

ABF THE SOLDIERS' CHARITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD TO 31 MARCH 2013

	2013	2012
	£	£
Net cash outflow from operating activities	(3,671,934)	(1,207,109)
Net cash inflow from returns on investments		
Investment income	1,356,812	1,114,119
Capital expenditure and financial investment		
Sale of investments	2,671,718	-
Purchase of tangible fixed assets	(278,949)	(69,582)
Net cash inflow / (outflow) from capital items	2,392,769	(69,582)
Management of liquid resources		
(Increase) / Decrease in short term deposits	(1,000,000)	368,586
(Decrease) / increase in cash in the year	(922,353)	206,014

Reconciliation of net outgoing resources for the year to net cash outflow from operating activities

	2013	2012
	£	£
Net (outgoing) resources for the year	(1,842,231)	(1,189,295)
Depreciation of tangible fixed assets	97,774	36,532
Decrease / (Increase) in stocks	14,058	(5,979)
(Increase) / Decrease in debtors	(457,161)	459,985
Decrease / (Increase) in creditors	(127,562)	605,767
Investment income	(1,356,812)	(1,114,119)
Net cash outflow from operating activities	(3,671,934)	(1,207,109)

Analysis of cash

	Opening	Cash	Closing
	2013	outflow	2013
	£	£	£
Cash movement in 2013	2,029,541	(922,353)	(1,107,188)
	Opening	Cash	Closing
	2012	inflow	2012
	£	£	£
Cash movement in 2012	1,823,527	206,014	2,029,541

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013**

1 Accounting policies

Accounting convention

The Accounts have been prepared under the historical cost convention as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards, the Charities Act 2011, and the Charity (Accounts and Reports) Regulations 2008.

Consolidation

The Accounts consolidate ABF The Soldiers' Charity and its three trading subsidiary companies; The Army Benevolent Fund Enterprises Limited, Soldiers' Trading Limited and The Tournament Trading Company Limited. The income of these trading subsidiaries is included in the Consolidated and Company Statement of Financial Activities within Donations and appeals income, and within Other donations and events. Expenditure is included in Costs of goods sold and other costs.

Incoming resources

Voluntary income and income from fundraising events are recorded in the Accounts when receivable so far as it is prudent and practical to do so.

Income received from events is recognised in the period in which the event takes place.

Income from Legacies is taken into the Statement of Financial Activities when received or when receipt is reasonably certain and the value can be measured with sufficient reliability.

In accordance with the terms set out at the time grants are received, grants in respect of the Quick Reaction Fund and the Individual Recovery Plans Fund have either been included as incoming resources from charitable activities as received, or included to the extent that grants have been made from those funds to beneficiaries. For those grants received which fall into the latter category, the excess of grants received over the amount taken to income is held as deferred income within creditors.

Costs of generating funds

Costs of generating funds comprise fundraising costs and the costs incurred in subsidiary trading company activities. Fundraising costs include advertising, producing publications, printing and mailing fundraising material, associated staff costs and an appropriate allocation of support costs. Trading costs cover all the costs of the trading subsidiaries and other trading activities including the costs of goods sold.

Charitable expenditure

Grants payable in furtherance of the charity's objects are recognised as expenditure when payment is due.

Support costs

Support costs are those costs incurred in support of the Charity's primary objective of paying grants to those in need. If material, the costs of the Welfare Department, plus an appropriate share of head office overheads, are apportioned to the restricted and designated funds on the basis of number of cases handled in the year.

Other support to charities reflects the support given to other charities in terms of management and staff time, and in certain circumstances subsidies for accommodation costs for office space occupied at Mountbarrow House.

Governance costs

Governance costs represent those costs associated with the governance arrangements of the charity which relate to the general running of the charity. Such costs include external audit fees, legal costs, related Trustee costs and costs associated with compliance with statutory requirements.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013**

Investments

The investment portfolio is shown at market value using the mid-market prices at the balance sheet date. The realised and unrealised gains or losses derived from the operation of the investment portfolio are shown as a single line item in the Statement of Financial Activities as it is considered that their separation by reference to carrying value at the date of the last balance sheet is not helpful to the understanding or management of the portfolio.

Rental income is recognised in the period to which it relates.

Fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised and included at cost, including any incidental expenses relating to the acquisition.

Depreciation is provided for all tangible fixed assets so as to write off their cost in equal instalments over their expected useful lives as follows:

Computer equipment	3 years
Operating software	8 years
Office furniture and fittings	3-5 years
Leasehold improvements	Over the primary term of the lease

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Loans to beneficiaries

Loans to beneficiaries are recorded as an asset of the Fund to the extent that they are expected to be recovered.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the period of the lease

Foreign currency

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Sterling at the rates of exchange ruling at the balance sheet date.

The Accounts of overseas operations are translated to Sterling at the approximate rates of exchange ruling at the balance sheet date. All differences are recorded in the Statement of Financial Activities

Pension costs

Until the close of business on 31 March 2012, the Charity operated a defined benefits pension scheme based on final pensionable salaries. Contributions made by the Charity were charged to the Statement of Financial Activities so as to spread the pension costs over the employees' working lives with the Charity. The regular cost was determined by the Scheme's actuary on the basis of triennial valuations and was attributed to individual years using the attained age method. Variations in pension costs which were identified as a result of actuarial valuations were amortized over the average expected remaining working lives of employees. Differences between the amounts funded and the amounts charged to the Statement of Financial Activities were treated as either provisions or prepayments in the Balance Sheet. The scheme was closed to new members after 1 October 1997; new employees after that date are entitled to join a Group Personal Pension Scheme which is operated on a contributory basis. The assets of the Group Personal Pension Scheme are held separately from those of the Charity and contributions payable by the Charity are charged in the Statement of Financial Activities in the year in which they are payable.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013**

2 Charity incorporation

As at the close of business on 31 March 2012 the unincorporated charity ABF The Soldiers' Charity (England & Wales charity number 211645) transferred all of its assets and liabilities, with the exception of cash of £39,179, to the incorporated charity ABF The Soldiers' Charity (England & Wales charity number 1146420, company number 07974609). At 31 March 2013 the cash held in the unincorporated charity amounted to £39,184; this will be transferred to the incorporated charity when the winding up of the Defined Benefits Pension Scheme has been completed (see Note 27) and it has been included in these Accounts.

The comparative figures for 2012 shown on the Consolidated and Company Statements of Financial Activities and on the Consolidated Statement of Cash Flows are for the unincorporated charity for the full year to 31 March 2012, and are included for memorandum purposes only.

3 Designated funds

Designated Funds, within the Unrestricted General Fund, are set aside at the discretion of the Trustees for specific purposes.

The Designated Funds consist of the Northern Ireland Special Relief Fund (NISRF), the Current Operations Fund (COF) and the Strategic Reserve. The NISRF has been set up to meet the special requirements for aid occasioned by events in Northern Ireland, with the COF being established in 2007 to provide a continuing fund for soldiers, former soldiers and their dependants in times of need who are suffering distress as a result of military operations being undertaken at that time and all subsequent military operations.

The Strategic Reserve was formerly identified within the General Fund but the Trustees have now decided that it should be recognised as a separate Designated Fund. As reported in the Trustees Report and in Note 24, the Strategic Fund covers the anticipated grants for Individuals for two years, made by both the Charity and the Army (Regiments and Corps), and the Charity's contingent obligation to the Army Dependants Trust.

4 Restricted funds

The Restricted Funds consist of:

- The Falklands Fund which exists to meet the needs of soldiers, former soldiers and their dependants who have suffered distress as a result of the Falklands conflict.
- The Gulf Trust (Army and Civilian) Fund, which exists to meet the needs of soldiers, civilian personnel attached to or accompanying the Armed Forces and their dependants who have suffered distress as a result of the Gulf conflict and continuing operations.
- The Sir Jules Thorn Account which exists to help those seeking entrance to the Royal Hospital, Chelsea and Old Age Pensioners from the Army, or their dependants, who are in need of special attention.
- The George Purse Trust Fund which exists to make grants which would not otherwise be provided out of Charity general funds to support the welfare needs of ex-Army personnel, dependants and carers residing in the former boundaries of the counties of Glamorgan and Monmouthshire.
- The Cambridge Fund for Old and Disabled Soldiers existed for the relief of wounded or disabled soldiers. The Fund was applied to provide financial assistance towards care home fees and was fully utilised and closed during the year.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013**

- The Quick Reaction Fund, set up in conjunction with Help for Heroes (registered charity number 1120920), which exists to provide immediate and direct support to sick, injured and wounded serving soldiers and their dependants and supplements funding available from Regimental Benevolent Associations and other Service charities.
- The Individual Recovery Plans Fund, set up in conjunction with Help for Heroes and with additional support from other donors, which exists to provide funds for retraining and resettlement opportunities for serving personnel passing through the Army Recovery Capability programme.

5 Endowment funds

The Charity's Endowment Funds consisted of:

- The Sir John Langham's Bequest which was a permanent endowment of £6,817 and existed for the relief of poor, distressed soldiers and their families.
- The William Woodman Charity which was a permanent endowment of £39,179 and existed for the relief of wounded or disabled soldiers.

During the year to March 2012, Trustees decided that the administrative work involved in maintaining these endowment funds could no longer be justified and having consulted with the Charity Commission, transferred these funds to Unrestricted General Funds.

6 Subsidiary companies' results

The Army Benevolent Fund Enterprises Limited

Included in the Incoming and outgoing resources relating to Other donations and events are the income and costs of the trading subsidiary The Army Benevolent Fund Enterprises Limited. The results were as follows:

	2013	2012
	£	£
Turnover	82,140	107,315
Cost of sales	(41,520)	(54,366)
Gross profit	<u>40,620</u>	<u>52,949</u>
Administrative expenses	(13,007)	(9,870)
Other income	11,822	286
Profit on ordinary activities	<u>39,435</u>	<u>43,365</u>
Gift Aid to parent charity	<u>(39,435)</u>	<u>(43,365)</u>
Net Profit	-	-
Profit & Loss Account brought forward	<u>574</u>	<u>574</u>
Profit & Loss Account carried forward	<u><u>574</u></u>	<u><u>574</u></u>
The aggregate of the assets, liabilities and funds was:		
Assets	36,335	57,142
Liabilities	<u>(35,758)</u>	<u>(56,565)</u>
Total Funds	<u><u>577</u></u>	<u><u>577</u></u>

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013**

Soldiers' Trading Limited

Included in Donations and appeals income in Incoming resources is general purpose trading income arising in Soldiers' Trading Limited. The results were as follows:

	2013	2012
	£	£
Turnover	106,624	194,997
Cost of sales	(8,557)	(1,500)
Gross profit	<u>98,067</u>	<u>193,497</u>
Administrative expenses	(10,564)	(9,835)
Other income	30	4
Profit on ordinary activities	<u>87,533</u>	<u>183,666</u>
Gift Aid to parent charity	<u>(87,533)</u>	<u>(183,666)</u>
Net Profit	-	-
Profit & Loss Account brought forward	-	-
Profit & Loss Account carried forward	<u>-</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:		
Assets	97,595	189,866
Liabilities	<u>(97,594)</u>	<u>(189,865)</u>
Total Funds	<u>1</u>	<u>1</u>

The Tournament Trading Company Limited

Included in the Incoming and outgoing resources relating to Other donations and events are the income and costs of The Tournament Trading Company Limited, the trading subsidiary company set up to manage The British Military Tournament event on behalf of the Charity. The results were as follows:

	2013	2012
	£	£
Turnover	1,942,841	2,233,180
Cost of sales	(1,717,263)	(2,012,937)
Gross profit	<u>225,578</u>	<u>220,243</u>
Administrative expenses	(213,532)	(215,123)
Other income	302	17,730
Profit on ordinary activities	<u>12,348</u>	<u>22,850</u>
Gift Aid to parent charity	<u>(12,348)</u>	<u>(22,850)</u>
Net Profit	-	-
Profit & Loss Account brought forward	-	-
Profit & Loss Account carried forward	<u>-</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:		
Assets	366,363	1,129,600
Liabilities	<u>(366,362)</u>	<u>(1,129,599)</u>
Total Funds	<u>1</u>	<u>1</u>

Donations received prior to and at the event are shown within Donations and appeals income within the Charity.

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013

7 Investment Income

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Dividends and distributions	1,017,798	14,779	162,608	1,195,185	1,054,337
Bank interest	13,380	9	326	13,715	17,763
	<u>1,031,178</u>	<u>14,788</u>	<u>162,934</u>	<u>1,208,900</u>	<u>1,072,100</u>
Rental Income	147,912	-	-	147,912	42,019
Total	<u><u>1,179,090</u></u>	<u><u>14,788</u></u>	<u><u>162,934</u></u>	<u><u>1,356,812</u></u>	<u><u>1,114,119</u></u>

Unrestricted Funds investment income includes £351 (2012: £267) in bank interest arising in the subsidiary companies.

Rental income arises from the sub-letting of office space in Mountbarrow House to a number of other Service charities.

8 Costs of goods sold and other costs

	2013 £	2012 £
Direct costs		
Events costs	1,141,120	1,530,327
Promotional materials	160,257	373,083
Salaries and pensions	113,135	104,468
Other costs	41,465	38,685
	<u>1,455,977</u>	<u>2,046,563</u>
Support costs (Note 14)		
Central and administrative costs	655,508	599,496
Regional office costs	633,291	663,277
	<u>1,288,800</u>	<u>1,262,773</u>
Total	<u><u>2,744,776</u></u>	<u><u>3,309,336</u></u>

9 Costs of generating voluntary income

	2013 £	2012 £
Direct costs		
Salaries and pensions	691,442	996,530
Campaign costs	707,469	826,895
Funding of associates	-	43,882
Other costs	18,096	18,677
	<u>1,417,007</u>	<u>1,885,984</u>
Support costs (Note 14)		
Advertisements and promotion	474,048	351,928
Central and administrative costs	655,508	599,497
Regional office costs	518,148	542,682
	<u>1,665,704</u>	<u>1,494,107</u>
Total	<u><u>3,064,711</u></u>	<u><u>3,380,091</u></u>

**ABF THE SOLDIERS' CHARITY
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10 Grants for the benefit of individuals

All grants made for the benefit of soldiers, former soldiers and their families are paid through their parent Regimental or Corps Associations. The total value of these grants made during the year was £5,272,987 (2012: £5,302,335).

11 Grants to other charities

The Charity, on behalf of the partnership of Army charitable funds, makes grants to national charities which support soldiers, former soldiers and their families.

By the nature of Service charities and other charities supporting serving and former soldiers, many of the Charity's Trustees and senior management work closely with, or serve as trustees for, some of the charities listed below receiving grants from the Charity. Where this applies the Trustee or member of the management team will not take part in the grant making decision process.

The total values of the grants made during the year were:

	2013	2012
	£	£
<u>GRANTS FROM UNRESTRICTED FUNDS:</u>		
Helping the disabled:		
BEWSA	15,000	10,000
Bournemouth War Memorial Homes	10,000	4,000
Calibre	5,000	7,000
Chaseley Trust	30,000	50,000
Deafblind UK	4,000	5,000
Home Farm Trust	25,000	15,000
Listening Books	4,000	5,000
Spinal Injuries Association	-	13,385
The Gwennili Trust	3,000	3,000
Tourism for All	3,000	5,000
Vitalise	14,500	15,000
William Simpson's Home	14,700	40,000
	128,200	172,385
Helping the elderly:		
Age Concern Espana	10,000	8,740
Broughton House	60,000	60,000
Erskine Hospital	150,000	150,000
Lord Leycester Hospital	6,000	6,000
Queen Alexandra Hospital Home	40,000	40,000
Royal Alfred Seafarers' Society	15,000	15,000
Royal Cambridge Home	36,000	37,000
Royal Star & Garter Home	70,000	73,000
St David's Nursing Home	30,000	40,000
The Somme Nursing Home	25,000	20,000
	442,000	449,740

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	2013	2012
	£	£
Grants from unrestricted funds: (continued)		
Helping with employment and training		
Finchale Training College	15,000	15,000
Queen Elizabeth's Foundation	9,500	9,500
Recruit for Spouses	14,000	-
Regular Forces Employment Association	238,000	230,000
Scottish Society for Employment	2,500	2,500
Skill Force	13,500	7,500
The Poppy Factory	56,000	-
The Warrior Programme	-	30,000
	<u>348,500</u>	<u>294,500</u>
Helping the Army family:		
"Not Forgotten" Association	30,000	30,000
Army Widows' Association	6,000	5,000
Chindits Old Comrades Association	1,000	1,000
COBSEO	20,000	
East Midlands War Pensions Committee	-	1,050
Gurkha Outreach - Greenwich	15,000	2,000
Gurkha Support Reading	1,544	-
Help The Hospices	5,000	5,000
Hong Kong LEP Trust	6,000	-
Lord Kitchener Memorial Holiday Centre	17,000	16,000
Mark Wright Project	-	10,000
Mutual Support	10,000	10,000
Nimrod	2,000	3,000
Phyllis Tuckwell Hospice	5,000	7,500
Poppyscotland	15,000	15,000
Prisoner's Education Trust	-	1,500
Queen Victoria School	6,000	5,000
Remount	-	57,500
Royal Commonwealth Ex-Services League	240,000	245,000
Special Forces Benevolent Fund	-	8,000
SSAFA Warwick	2,000	-
SSAFA Central Offices	310,880	225,450
Tayforth Veterans Project	10,000	-
Thames Hospicecare	5,000	10,000
The Football Foundation	-	10,000
The League of Remembrance	1,200	1,360
The Officers' Association	100,000	115,000
The Royal Hospital Chelsea	5,750	-
The Thistle Foundation	5,000	5,000
The Victory Services Club	-	60,000
UDR Benevolent Fund	-	500
Union Jack Club	-	14,000
Veterans Scotland	10,000	-
War Widows Association	-	1,000
West Indian Association of Service Personnel	30,576	5,000
	<u>859,950</u>	<u>869,860</u>

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	2013	2012
	£	£
Grants from unrestricted funds: (continued)		
Helping with Housing and Homelessness		
Alabare Christian Care & Support	30,000	30,000
Community Housing & Therapy	29,500	64,000
Community Self Build Agency	40,000	-
E Hayes Dashwood	-	20,000
Haig Homes	45,000	45,000
Norcare	-	80,000
Scottish Veterans' Garden City	40,000	75,000
Scottish Veterans Residences	-	250,000
Stoll	36,608	30,000
The Royal Homes Wimbledon	-	65,000
TREES Group	25,000	-
Veterans Aid	32,000	32,000
West Midlands Veterans Housing	40,000	-
	318,108	691,000
In Service Support to the Army family:		
1 Royal Irish Play Group	-	10,000
24 Regt RLC (WiFi Hannover)	-	11,620
29 Regt RLC	-	7,400
Alexandra House	7,500	6,000
Army Families Federation	16,400	10,000
Army Welfare Service	508	700
Child Bereavement Charity	14,825	8,000
Cruse Bereavement Care	-	18,023
Defence Medical Welfare Service	(2,500)	25,200
English Churches Housing Trust	-	5,000
Military Corrective Training Centre	-	1,000
On Course Foundation	-	20,000
Rowney Community Park Fund	-	10,000
Sandes Soldiers' and Airmen's Centres	-	10,719
Skilled for Health	2,500	-
Storybook Soldiers	12,500	10,413
AWS - Welfare Minibuses	78,643	49,766
	130,376	203,841
Mental Health Support		
Combat Stress	200,000	195,000
Gardening Leave	7,700	5,000
Timebank	25,000	25,000
	232,700	225,000

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	2013 £	2012 £
Grants from unrestricted funds: (continued)		
Research to assist the soldier:		
Imperial College London	-	40,000
	<u>-</u>	<u>40,000</u>
GRANTS FROM DESIGNATED FUNDS:		
Helping the disabled:		
BEWSA	-	5,000
BLESMA	-	756
Spinal Injuries Association	23,000	-
	<u>23,000</u>	<u>5,756</u>
Helping the Army family:		
Not Forgotten Association	-	4,000
STUBS Ltd	10,000	10,000
	<u>10,000</u>	<u>14,000</u>
Helping with Housing and Homelessness		
Haig Homes	15,000	15,000
Haig Housing Trust	17,773	-
	<u>32,773</u>	<u>15,000</u>
In Service Support to the Army family:		
143 Bde PRU	-	2,000
16 Regt RA	2,000	-
29 Regt RLC	9,000	-
Central Bank 29 Regt RLC	6,000	6,000
HighGround	25,000	-
PRC Edinburgh	-	18,000
RAF Brize Norton - Wi Fi	-	2,305
RCDM Patient Welfare Fund	10,000	-
RHQ The Royal Welsh	3,000	-
Rifles Benevolent Trust (Winchester)	30,000	30,000
SSAFA - Norton Homes	-	20,000
SSAFA Shorncliffe	149	-
WorldWide Volunteering	10,000	-
	<u>95,149</u>	<u>78,305</u>
Helping the Army family:		
NIMROD	-	1,470
UDR Benevolent Fund	-	8,525
	<u>-</u>	<u>9,995</u>
Mental Health Support		
Combat Stress	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

**ABF THE SOLDIERS' CHARITY
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	2013 £	2012 £
<u>GRANTS FROM RESTRICTED FUNDS:</u>		
Helping the Army family:		
"Not Forgotten" Association	4,000	-
Falklands Veterans Foundation	20,000	-
SAMA 82	5,000	5,000
"Not Forgotten" Association	6,000	6,000
Gulf Veterans and Families Association	36,000	36,000
AWS Minibus	840	
	71,840	47,000
Mental Health Support		
Combat Stress	60,000	100,000
	60,000	100,000
Grants from unrestricted funds	2,459,834	2,946,326
Grants from designated funds	220,922	183,056
Grants from restricted funds	131,840	147,000
Total external grants expenditure	2,812,596	3,276,382
12 Grant making support costs	2013	2012
	£	£
Direct costs		
Salaries and pensions	220,586	269,542
Contribution to web-based assessment form	-	24,835
Other costs	9,023	6,197
	229,609	300,574
Support costs (Note 14)		
Advertisement and promotion	158,016	117,310
Central and administrative costs	218,503	224,811
	606,128	642,695
13 Other support to charities	2013	2012
	£	£
Direct costs		
Salaries and pensions	146,143	-
Accommodation subsidy	27,287	-
	173,430	-
Support costs (Note 14)		
Central and administrative costs	87,401	-
	260,831	-

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
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14 Analysis of support costs

	2013	2012
	£	£
Regional office costs		
Direct costs		
Salaries and pensions	973,142	970,140
Office and general expenses	67,383	113,537
Travel expenses	104,013	113,025
Other costs	6,901	9,257
	<u>1,151,439</u>	<u>1,205,959</u>
Allocated to		
Cost of goods sold and other costs	633,291	663,277
Costs of generating voluntary income	518,148	542,682
	<u>1,151,439</u>	<u>1,205,959</u>
Advertisements and promotion		
Direct costs		
Advertisements and promotion	632,064	469,238
Allocated to		
Costs of generating voluntary income	474,048	351,928
Grantmaking support costs	158,016	117,310
	<u>632,064</u>	<u>469,238</u>
Central and administrative costs		
Direct costs		
Salaries and pensions	692,452	616,317
Legal and professional	8,887	56,512
Accommodation	594,920	463,572
Relocation	111,528	79,780
Other administrative costs	340,233	282,560
	<u>1,748,020</u>	<u>1,498,741</u>
Allocated to		
Costs of generating voluntary income	655,508	599,497
Cost of goods sold and other costs	655,508	599,496
Grantmaking support costs	218,503	224,811
Other support to charities	87,401	-
Governance	131,102	74,937
	<u>1,748,022</u>	<u>1,498,741</u>

Costs are allocated, as appropriate, on the basis of headcount or time associated with the activity.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013**

15 Governance costs

	2013	2012
	£	£
Direct costs		
Salaries and pensions	80,331	-
Meeting expenses	2,613	4,488
Auditors : Audit fees	25,000	29,550
Auditors : Adjustment to prior year Audit fees	3,069	(4,570)
Auditors : Other fees	-	2,580
Legal & Professional	7,169	5,268
Trustee recruitment	9,552	-
Incorporation costs	7,128	9,324
Trustee expenses	1,460	3,068
Other costs	8,693	-
	<u>145,015</u>	<u>49,708</u>
Support costs (Note 14)		
Central and administrative costs	131,102	74,937
	<u>276,117</u>	<u>124,645</u>

The Trustees received no remuneration during the year (2012: £Nil). Trustee expenses of £1,460 (2012: £2,033) were reimbursed for directly incurred travelling expenses paid to four (2012: four) of the Trustees, and in 2012, other expenses amounted to £1,035.

16 Staff costs and emoluments

	2013	2012
	£	£
Total staff costs comprised:		
Wages and salaries	2,679,248	2,597,668
Social security costs	270,845	250,536
Pension contributions	105,267	108,495
	<u>3,055,360</u>	<u>2,956,699</u>

The Charity employed an average staff of 87 (23 part-time) (2012: 90 including 18 part-time) of whom 43 (2012: 41) are employed at the Charity's head office.

The number of employees whose salary and other emoluments exceed £60,000 was;

	2013	2012
	No	No
£60,001 - £70,000	3	3
£70,001 - £80,000	1	2
£100,001 - £110,000	1	-

Pensions contributions for higher paid employees totalled £17,686 (2012: £20,637)

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17 Tangible fixed assets – Group and Charity

	Leasehold improvements		Office furniture, fittings & equipment		Total	
	2013 £	2012 £	2013 £	2012 £	2013 £	2012 £
Cost						
At 1 April	205,475	166,488	265,869	235,274	471,344	401,762
Additions	225,696	38,987	53,253	30,595	278,949	69,582
At 31 March	<u>431,171</u>	<u>205,475</u>	<u>319,122</u>	<u>265,869</u>	<u>750,293</u>	<u>471,344</u>
Depreciation						
At 1 April	50,979	38,103	163,584	139,928	214,563	178,031
Charge for the year	64,847	12,876	32,927	23,656	97,774	36,532
At 31 March	<u>115,826</u>	<u>50,979</u>	<u>196,511</u>	<u>163,584</u>	<u>312,337</u>	<u>214,563</u>
Net book value at 31 March	<u>315,345</u>	<u>154,496</u>	<u>122,611</u>	<u>102,285</u>	<u>437,956</u>	<u>256,781</u>

Office furniture, fittings and equipment are normally written off in equal instalments over 3 or 5 years. The investment in the operating softwares for managing the fundraising activities and the accounting system are being written off in equal instalments over 8 years.

18 Investments – Group

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Market value 1 April 2012	34,102,331	394,533	4,340,915	38,837,779
Sale of Investments	(2,671,718)	-	-	(2,671,718)
Net realised and unrealised gains on investments	3,255,287	43,951	483,580	3,782,818
Market value 31 March 2013	<u>34,685,900</u>	<u>438,484</u>	<u>4,824,495</u>	<u>39,948,879</u>
Cost				
At 31 March 2013	<u>21,970,703</u>	<u>257,025</u>	<u>2,868,468</u>	<u>25,096,196</u>
At 31 March 2012	<u>24,704,027</u>	<u>257,025</u>	<u>2,868,468</u>	<u>27,829,520</u>

**ABF THE SOLDIERS' CHARITY
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18 Investments (continued)

All of the above Investments are held by the Charity. In addition 100% of the issued share capital of The Army Benevolent Fund Enterprises Limited, The Tournament Trading Company Limited and Soldiers' Trading Limited is held by the Charity. The cost and valuation of these shareholdings are both £5.

During the year the Charity sold its holding of 2,661,073 units in the BlackRock Cash Fund. The sale proceeds of £2,671,718 resulted in a realised loss of £13,174 on the investment.

In November 2012 the Charity's investment in units in the Cazenove Absolute Return Trust for Charities (ARTC) was transferred to units in the Cazenove Jubilee Absolute Return Fund following the decision by Cazenove to close the ARTC.

The investment portfolio comprises the following at market value;

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Armed Forces Common Investment Fund units	29,800,295	438,484	4,824,495	35,063,274
BlackRock Dynamic Diversified Growth Fund units	2,811,088	-	-	2,811,088
Cazenove Jubilee Absolute Return Fund	2,074,517	-	-	2,074,517
Market value 31 March 2013	<u>34,685,900</u>	<u>438,484</u>	<u>4,824,495</u>	<u>39,948,879</u>

19 Associates

The British Soldiers' Fund (BSF) was incorporated as a tax-exempt charity in the United States in 2012, its primary purpose being to raise funds for British Army personnel, past and present, and their families in times of need. As ABF The Soldiers' Charity can appoint three of the seven directors of BSF, BSF is treated as an associate undertaking for the purposes of the consolidated accounts. In the period to March 2013 the Charity provided US\$62,500 of funding, and ABF The Soldiers' Charity's share of BSF's surplus for the year was £2,711. The Charity's share of BSF's net liabilities is £1,630 (2012: £4,342).

20 Loan debtors – Group and Charity

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Loan balances at 1 April 2012	10,000	-	22,335	32,335
Loan balances at 31 March 2013	<u>10,000</u>	<u>-</u>	<u>22,335</u>	<u>32,335</u>

ABF THE SOLDIERS' CHARITY
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21 Other debtors and prepayments

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Prepayments and accrued income	2,307,324	2,017,768	2,298,911	1,985,471
Other debtors	437,654	270,151	312,646	120,479
Due from subsidiaries	-	-	126,750	748,215
	2,744,978	2,287,919	2,738,307	2,854,165

22 Creditors: amounts falling due within one year

	Group		Charity	
	2013	2012	2013	2012
	£	£	£	£
Deferred income				
At 1 April	1,013,384	708,444	1,013,384	708,444
Arising during the year	923,407	1,013,384	923,407	1,013,384
Released during the year	(1,013,384)	(708,444)	(1,013,384)	(708,444)
At 31 March	923,407	1,013,384	923,407	1,013,384
Trade creditors	78,779	593,605	67,793	152,149
Accrued expenses	687,131	190,877	325,153	176,698
Other creditors	16,591	35,603	16,591	35,305
	1,705,908	1,833,469	1,332,944	1,377,536

23 Analysis of net assets between funds

	Tangible Fixed Assets	Investments and Associates	Net Current Assets	Group Total
	£	£	£	£
Unrestricted Funds				
General Fund	437,956	34,684,271	(28,474,022)	6,648,205
Designated Funds				
Northern Ireland Special Relief Fund	-	438,484	(241,266)	197,218
Current Operations Fund	-	-	3,921,220	3,921,220
Strategic Fund	-	-	29,500,000	29,500,000
Restricted Funds				
Falklands Fund	-	2,544,996	143,718	2,688,714
Gulf Fund	-	1,022,926	(355,913)	667,013
Sir Jules Thorn Account	-	-	(1,297)	(1,297)
George Purse Trust Fund	-	1,256,572	95,779	1,352,351
Quick Reaction Fund	-	-	(98)	(98)
Individual Recovery Plans Fund	-	-	40,472	40,472
	437,956	39,947,249	4,628,593	45,013,798

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The Charity has net assets of £45,013,224. The Designated and Restricted Funds are as above.

	Fixed Assets £	Investments £	Assets £	Total £
Unrestricted Funds				
General Fund	437,956	34,684,276	(28,474,601)	6,647,631
Other Funds	-	5,262,978	33,102,615	38,365,593
	<u>437,956</u>	<u>39,947,254</u>	<u>4,628,014</u>	<u>45,013,224</u>

24 Designated Funds financial activity – Group

	Northern Ireland Special Relief Fund £	Current Operations Fund £	Strategic Fund	2013 £	Total 2012 £
Incoming resources					
Donations and appeals income	10,000	-	-	10,000	354,014
Other donations and events	-	284,127	-	284,127	295,564
Investment income	14,788	-	-	14,788	13,127
Total incoming resources	<u>24,788</u>	<u>284,127</u>	<u>-</u>	<u>308,915</u>	<u>662,705</u>
Resources expended					
Cost of goods sold and other costs	8	82,331	-	82,339	120,122
Direct charitable expenditure :					
Grants to other charities	30,000	190,920	-	220,920	183,056
Grants for the benefit of individuals	35,871	170,950	-	206,821	176,474
Total resources expended	<u>65,879</u>	<u>444,201</u>	<u>-</u>	<u>510,080</u>	<u>479,652</u>
Net incoming / (outgoing) resources	(41,091)	(160,074)	-	(201,165)	183,053
Net unrealised gains / (losses) on investments	43,951	-	-	43,951	(9,380)
Net movement in funds	2,860	(160,074)	-	(157,214)	173,673
Fund balances brought forward	194,358	4,081,294	-	4,275,652	4,101,979
Transfer from the General Fund	-	-	29,500,000	29,500,000	-
Fund balances carried forward	<u>197,218</u>	<u>3,921,220</u>	<u>29,500,000</u>	<u>33,618,438</u>	<u>4,275,652</u>

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As had been set out in previous Report & Accounts, the Trustees had allocated part of the Unrestricted General Fund to be set aside for strategic operational purposes. During the year the decision was taken to transfer that element of the Unrestricted General Fund - £29.5 million - to Designated Funds. The Strategic Fund covers:

	£m
Two years unrestricted funds benevolence grants for Individuals	12.0
Two years benevolence grants made by Regiments & Corps	12.0
Obligation to support the Army Dependants Trust	4.0
Two years Grants team infrastructure costs	1.5
Strategic Fund	29.5

25 Restricted funds financial activity - Group

During the year a net amount of £176,849 (2012: £555,000) was transferred from Unrestricted General Funds to the Restricted IRP Fund to cover Charity-funded IRP grants and IRP funds received from third parties, and £50,000 (2012: £Nil) was transferred from the Quick Reaction Fund to the IRP Fund. In 2012, £12 was transferred from Unrestricted General Funds to the Quick Reaction Fund to cover the deficit in the Fund.

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25 Restricted Funds financial activity (continued):

	IRP Fund £	QRF Fund £	Falklands Fund £	Gulf Fund £	Cambridge Fund £	Sir Jules Thorn A/c £	George Purse Trust £	Total 2013 £	Total 2012 £
Incoming resources									
Donations and Appeals Income	753,192	520,117	-	-	-	25,000	-	1,298,309	1,362,017
Investment Income	117	64	85,865	34,498	7	-	42,383	162,934	144,650
Total incoming resources	<u>753,309</u>	<u>520,181</u>	<u>85,865</u>	<u>34,498</u>	<u>7</u>	<u>25,000</u>	<u>42,383</u>	<u>1,461,243</u>	<u>1,506,667</u>
Resources expended									
Direct charitable expenditure	469	163	4	2	27	-	3	668	968
Grants to other charities	-	-	59,000	72,000	-	-	840	131,840	147,000
Grants for the benefit of individuals	1,090,246	470,116	27,676	25,676	22,754	45,360	18,591	1,700,419	2,205,797
Total resources expended	<u>1,090,715</u>	<u>470,279</u>	<u>86,680</u>	<u>97,678</u>	<u>22,781</u>	<u>45,360</u>	<u>19,434</u>	<u>1,832,927</u>	<u>2,353,765</u>
Net incoming/(outgoing) resources	(337,406)	49,902	(815)	(63,180)	(22,774)	(20,360)	22,949	(371,684)	(847,098)
Transfers between funds	226,849	(50,000)	-	-	-	-	-	176,849	555,012
Net unrealised gains / (losses) on investments	-	-	255,096	102,532	-	-	125,952	483,580	(103,221)
Net movement in funds	(110,557)	(98)	254,281	39,352	(22,774)	(20,360)	148,901	288,745	(395,307)
Fund balances brought forward	<u>151,029</u>	<u>-</u>	<u>2,434,433</u>	<u>627,660</u>	<u>22,774</u>	<u>19,063</u>	<u>1,203,451</u>	<u>4,458,410</u>	<u>4,853,717</u>
Fund balances carried forward	<u><u>40,472</u></u>	<u><u>(98)</u></u>	<u><u>2,688,714</u></u>	<u><u>667,012</u></u>	<u><u>-</u></u>	<u><u>(1,297)</u></u>	<u><u>1,352,352</u></u>	<u><u>4,747,155</u></u>	<u><u>4,458,410</u></u>

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NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013**

26 Reserves - Group

As outlined in the Trustees' Report and Note 24 above, the Trustees had identified part of the Fund's Unrestricted General Fund Reserves as Strategic Reserves and these have been transferred to Designated Funds.

The movement on the Unrestricted General Fund during the year and the balances at year end are as follows:

	<u>Group Unrestricted General Fund</u>		
	Strategic	Contingency	Total
	Reserve	Reserve	£
	£	£	£
Reserves at 1 April 2012	29,500,000	4,836,540	34,336,540
Transfer to Designated Funds	(29,500,000)	-	(29,500,000)
Movement in year			
Net outgoing resources	-	(1,269,382)	(1,269,382)
Revaluation of investments	-	3,255,287	3,255,287
Exchange losses	-	(102)	(102)
Net interest in associates	-	2,711	2,711
Other transfers (Note 24)	-	(176,849)	(176,849)
Reserves at 31 March 2013	-	6,648,205	6,648,205

27 Pension costs

ABF The Soldiers' Charity Group Pension Plan

Employees joining the Charity after 1 October 1997 are offered membership of a contributory Group Personal Pension Scheme. Employer contributions to this scheme during the year to 31 March 2013 amounted to £105,267 (2012: £82,111).

Army Benevolent Fund Retirement Benefits Scheme

For employees who joined the Charity before 1 October 1997 the Charity operated a Defined Benefits Pension Scheme ("the Pension Scheme") the assets of which were held separately from the Charity. In March 2012, the Trustees of the unincorporated charity gave notice to the Pension Scheme Trustees that contributions to the Scheme would cease with effect from close of business on 31 March 2012. Accordingly, in March 2012 the Scheme Trustees resolved to wind up the Scheme as at the close of business on 31 March 2012. That work is being undertaken by Scottish Widows who have indicated that there should be a surplus on the Scheme at the completion of winding up, with the surplus estimated at approximately £185,000. The intention is for the Scheme winding up to be completed before 31 March 2014, and for the surplus to be passed from the unincorporated charity to the incorporated charity.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2013**

28 Commitments

a. Capital

At 31 March 2013 the Charity had capital commitments of £nil (2012: £168,308 for the office move at Mountbarrow House).

b. Operating leases

At 31 March 2013 there were the following annual commitments under operating leases:

	Land and buildings	Office machinery	Vehicles	Total
Operating leases which expire:				
Within one year	-	818	-	818
In the second to fifth year inclusive	-	61,870	22,712	84,582
Over 5 years	405,755	-	-	405,755
	<u>405,755</u>	<u>62,688</u>	<u>22,712</u>	<u>491,155</u>

Subsequent to the year end, the existing lease agreements between the Charity and The Officers' Association for the 1st floor and between the Charity and Grosvenor Estate Belgravia for the 2nd floor at Mountbarrow House have been aggregated into a new lease for Mountbarrow House between the Charity and Grosvenor Estate Belgravia. The new lease covers the 2nd and 3rd floors as well as part of the 1st floor. The payment terms of the original leases remain and the Charity has a one year rent holiday period in respect of the 3rd floor only.

TRUSTEES' REPORT

Solicitors	Bircham Dyson Bell LLP 50, Broadway Westminster London SW1H 0BL
Statutory Auditor	Chantrey Vellacott DFK LLP Russell Square House, 10-12 Russell Square, London WC1B 5LF.
Principal bankers	HSBC Bank plc The Peak 333, Vauxhall Bridge Road Victoria London SW1V 1EJ
Investment managers	BlackRock Investment Management (UK) Limited 33, King William Street London EC4R 9AS
Custodian trustee	Bank of New York Europe Limited 67, Lombard Street London EC3P 3DL
Pensions financial adviser	Gill Noble & Company Limited 29, London Road Bromley Kent BR1 1DG
Trading subsidiary companies	The Army Benevolent Fund Enterprises Limited (Registered No. 897830) Soldiers' Trading Limited (Registered No. 07243995, incorporated 5 May 2010) The Tournament Trading Company Limited (Registered No. 07241136, incorporated 4 May 2010) All three of the trading subsidiary companies have their registered office at: Mountbarrow House, 6-20, Elizabeth Street, London, SW1W 9RB